

MEMORANDUM

DATE: October 14, 2003

TO: The Board of Supervisors

FROM: John E. McDonald, Manager of Financial and Management Services

SUBJECT: Hurricane Isabel Disaster Recovery Funding Sources

At this point in time, County finance staff has estimated up to \$5 million in unanticipated spending as a result of Hurricane Isabel. Most of that spending relates to debris disposal and we expect to recover Federal Emergency Management Agency (FEMA) and State reimbursements for the majority of this spending. There will also be some insurance proceeds received for the Chickahominy Riverfront Park store and deck, and for five County vehicles that suffered some damage.

FEMA will reimburse 75 percent and the State plans to reimburse 16 percent of qualifying disaster management and disaster recovery costs. If spending does accumulate to \$5 million, the County's share would be \$450,000. It is our intention to find up to \$450,000 in current Capital Budget balances rather than look for funds in either the Fiscal Liquidity or Debt Service revenues. It is also our intent to restore funding to project budget balances in the next two-year budget proposals.

The Capital Budget balances exist for several different reasons. The first category consists of balances that are programmed for very specific projects and are expected to be spent in this fiscal year. Funds set aside to replace Fire Station No. 2 or to master-plan Freedom Park are examples and we are not targeting these funds.

A second category consists of funds for smaller projects that are not time-specific and could be deferred-water quality projects and sidewalks as examples. A third smaller-dollar category consists of projects that have residual funds that were going to be reprogrammed for FY 2005 but can be eliminated earlier. It is our belief that we can cover the estimated \$450,000 in County's costs from these sources.

The fourth and last category consist of funds that have been set aside and are not specific to a particular project and/or a set-time period. These balances include those set aside for greenspace, a new shell building, or property development rights. These are large dollar balances and are last resort deep pocket resources if other sources are not sufficient.

We have no current plans proposed for these big project balances but that may change if spending exceeds our estimates. Staff expects to return to the Board for a series of future appropriations of Federal and State reimbursements and will provide periodic spending updates. We will also attempt to quantify the impact of Hurricane Isabel on County revenues, including the property tax abatement program and lost sales, room and meal taxes.

If the Board has any specific questions or comments relating to fiscal issues raised by Hurricane Isabel, we'll attempt to respond.

Hurricane Isabel Disaster Recovery Funding Sources

October 14, 2003

Page 2

John E. McDonald

CONCUR:

Sanford B. Wanner

JEM/adw
hurricanisa.mem